



Recent Fuel Price Trends & Market Developments

Petroleum Market Advisory Committee Meeting
California Energy Commission
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Gordon Schremp
Energy Assessments Division
California Energy Commission
gordon.schremp@energy.ca.gov



Snapshot - Retail Prices Continue Declining

- CA retail gasoline prices are slowly dropping
- California
 - **Down** 33.8 cents per gallon (cpg) since last month and **down** 6.7 cpg since last week
 - 0.7 cpg **higher** than same time last year
- Washington
 - **Down** 34.9 cpg since last month and **down** 6.8 cpg since last week
 - 6.1 cpg **lower** than same time last year

National Average Prices

Prices updated as of 2/5/2016 5:15am

	Regular	Mid	Premium	Diesel
Current Avg.	\$1.763	\$2.048	\$2.281	\$2.030
Yesterday Avg.	\$1.773	\$2.057	\$2.288	\$2.036
Week Ago Avg.	\$1.813	\$2.098	\$2.331	\$2.059
Month Ago Avg.	\$1.993	\$2.271	\$2.502	\$2.240
Year Ago Avg.	\$2.151	\$2.349	\$2.531	\$2.802

California Average Prices

Prices updated as of 2/5/2016 5:15am

	Regular	Mid	Premium	Diesel
Current Avg.	\$2.534	\$2.675	\$2.769	\$2.412
Yesterday Avg.	\$2.545	\$2.688	\$2.782	\$2.424
Week Ago Avg.	\$2.601	\$2.740	\$2.839	\$2.461
Month Ago Avg.	\$2.872	\$3.001	\$3.103	\$2.647
Year Ago Avg.	\$2.527	\$2.624	\$2.721	\$2.984

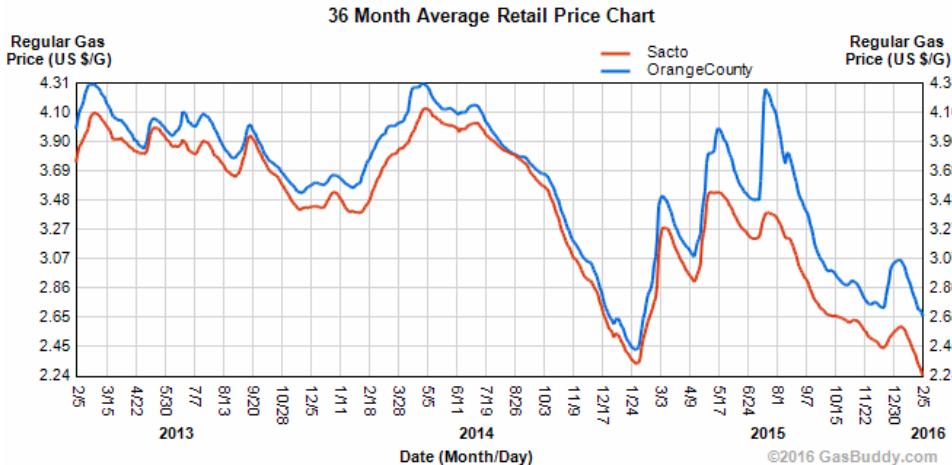
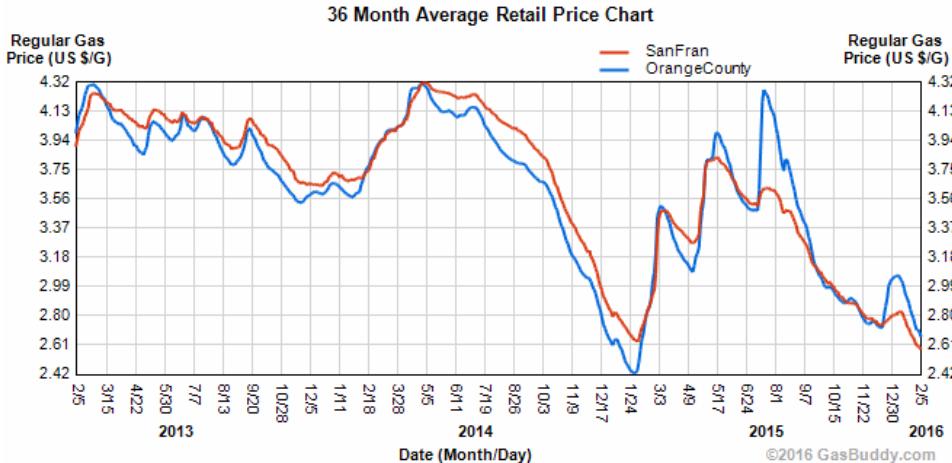
Washington Average Prices

Prices updated as of 2/5/2016 5:15am

	Regular	Mid	Premium	Diesel
Current Avg.	\$2.113	\$2.307	\$2.417	\$2.261
Yesterday Avg.	\$2.127	\$2.323	\$2.434	\$2.266
Week Ago Avg.	\$2.181	\$2.375	\$2.495	\$2.303
Month Ago Avg.	\$2.462	\$2.621	\$2.735	\$2.543
Year Ago Avg.	\$2.174	\$2.295	\$2.399	\$2.779



California Retail Gasoline Regional Comparisons



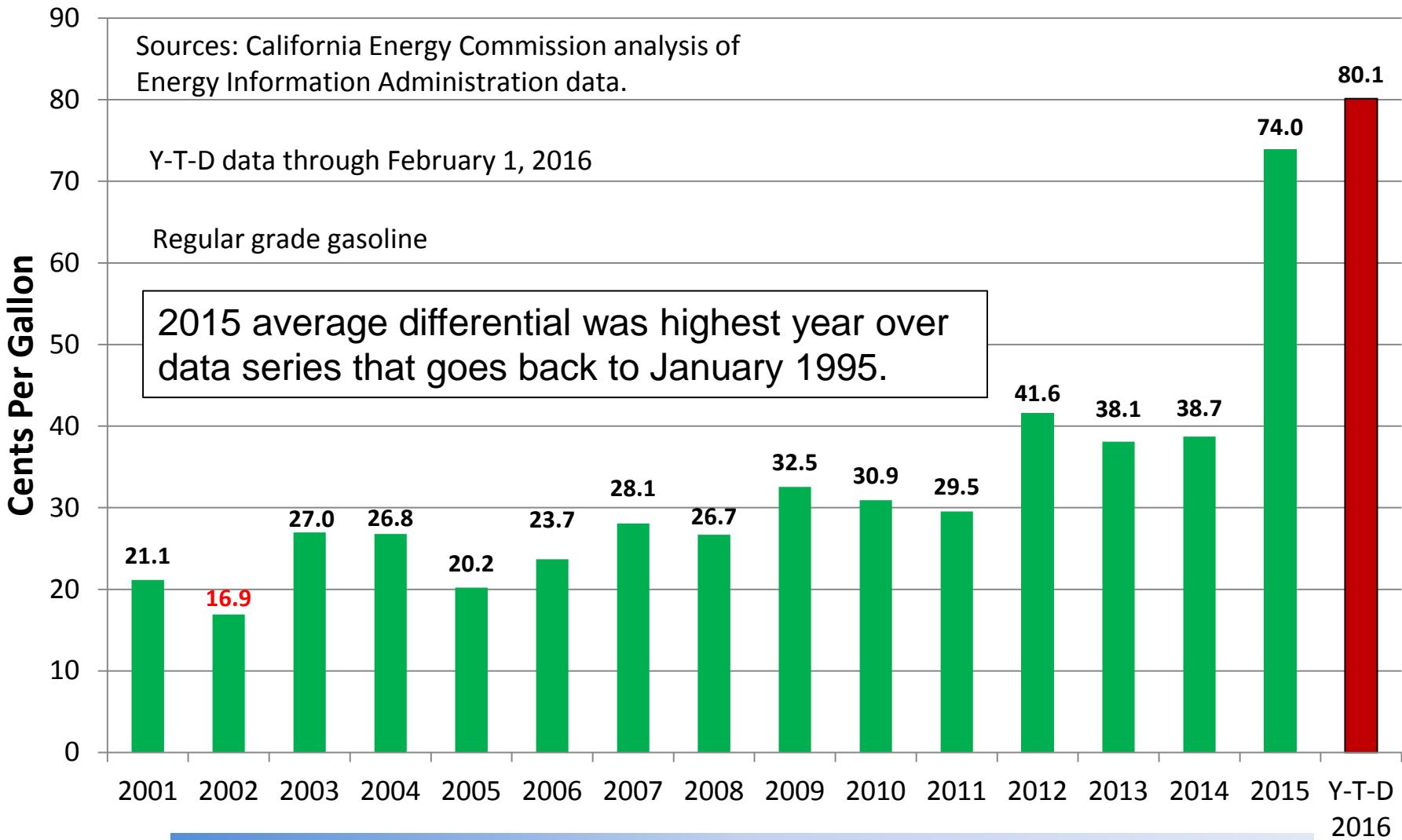
Source: GasBuddy.com – customize chart tools.

- Southern California price premium relative to Northern California persists due to continued non-operation of ExxonMobil's gasoline producing process units at Torrance
- San Francisco retail gasoline now less expensive than Orange County compared to a normally higher position
- Prices through 2/5/2016



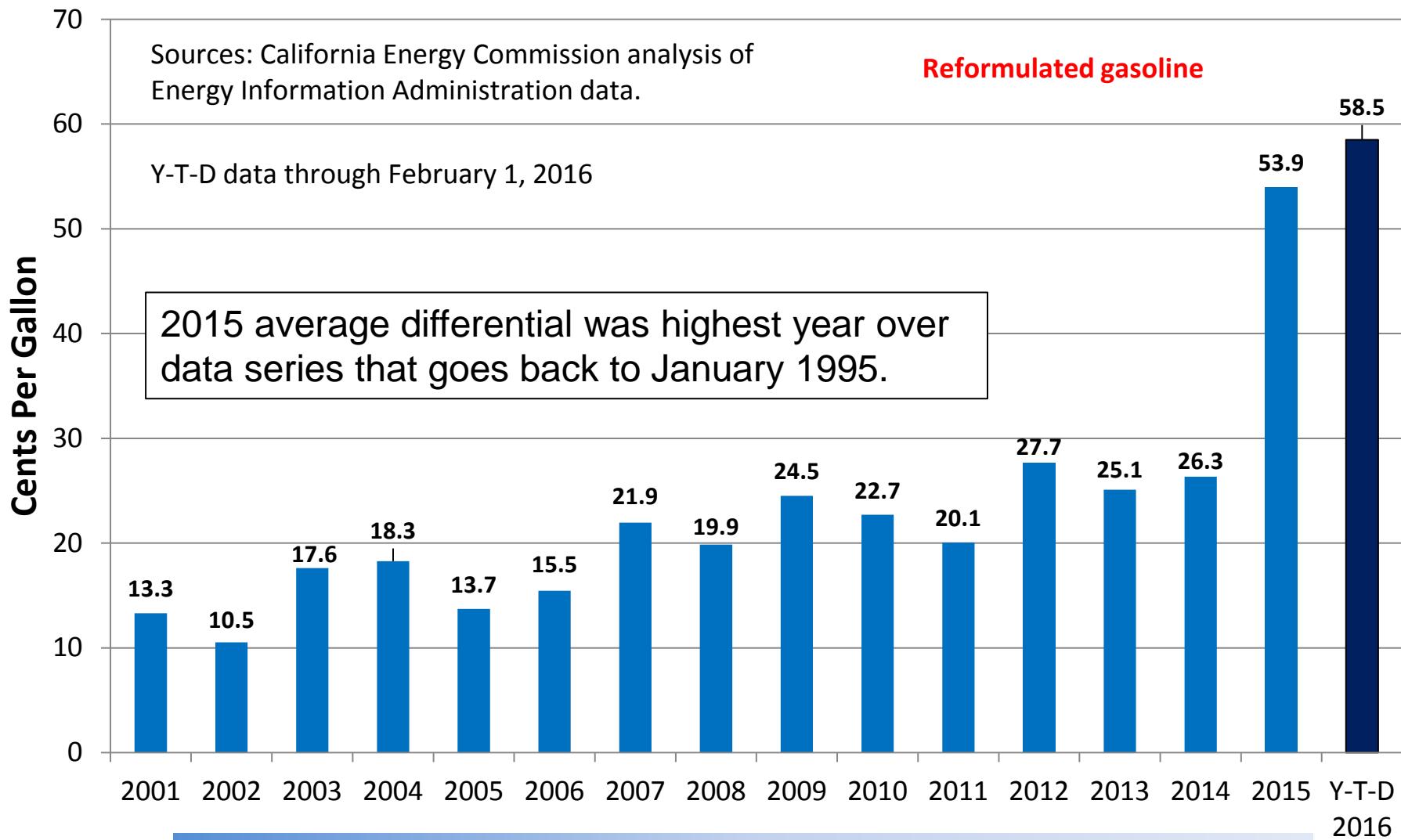
Retail Gasoline Price Differences

California Less U.S. Average



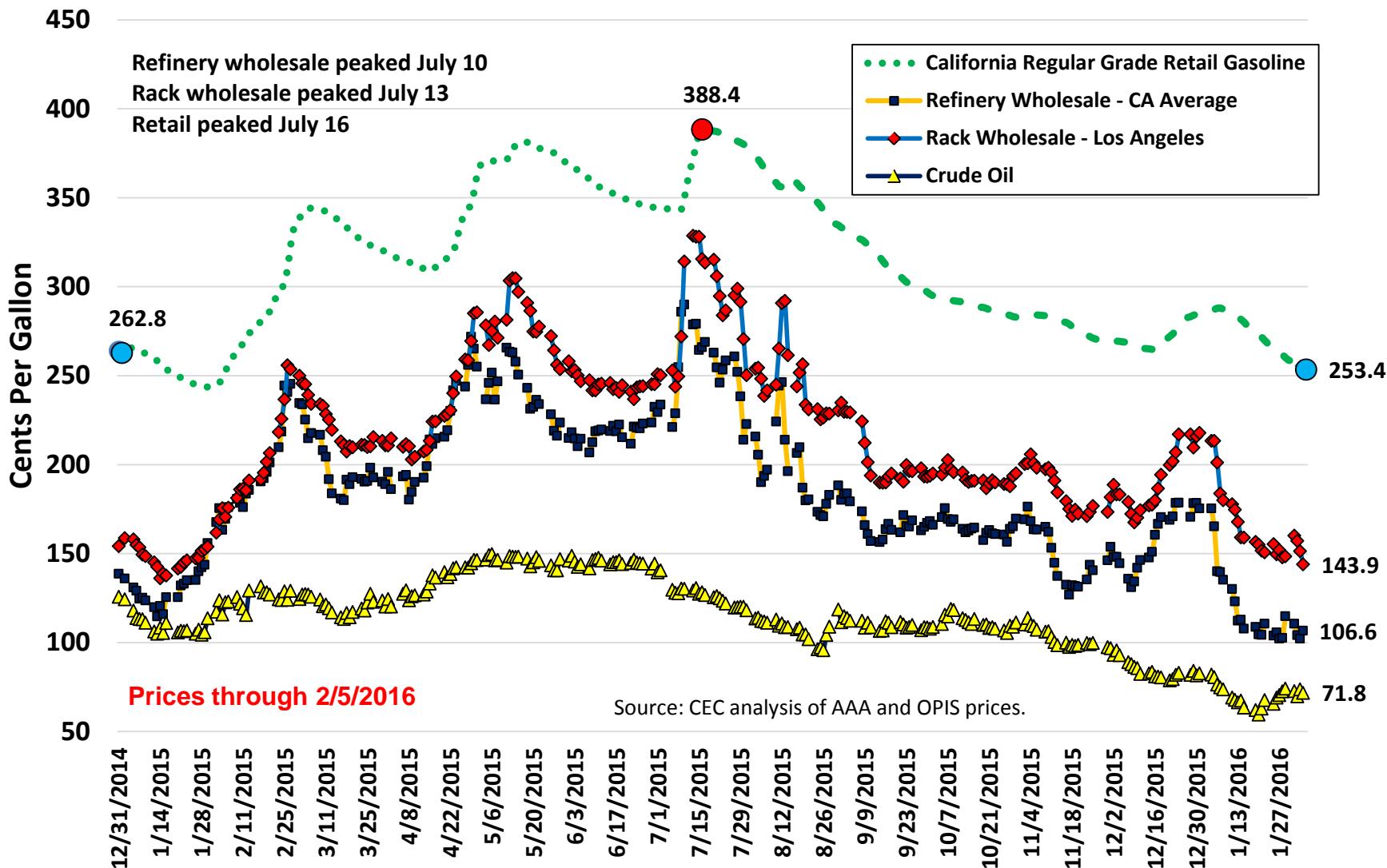


Retail Gasoline Price Differences Calif. Less U.S. Reformulated Average



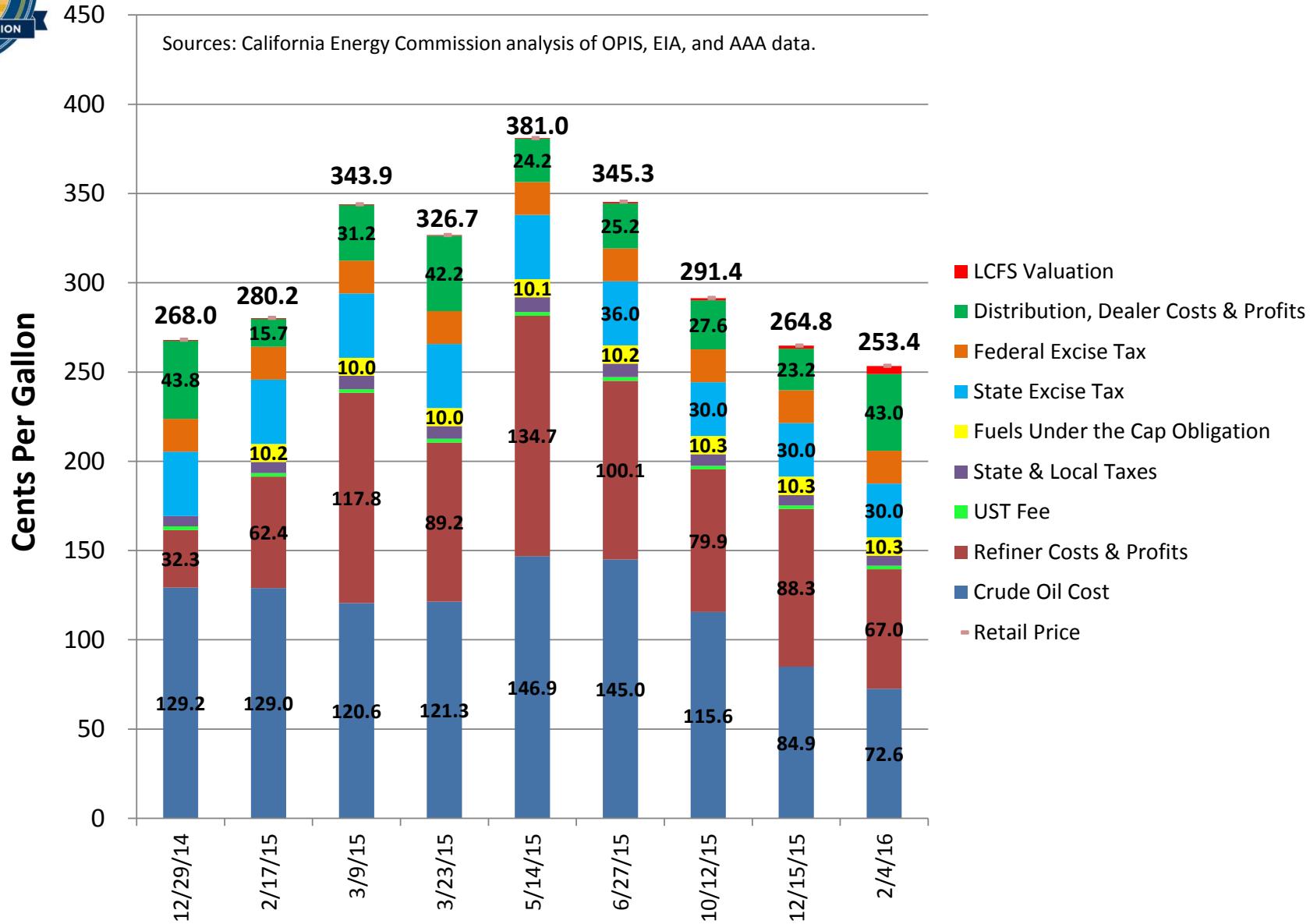


California Gasoline Price Changes Retail, Rack and Refinery Wholesale





California Retail Gasoline Components



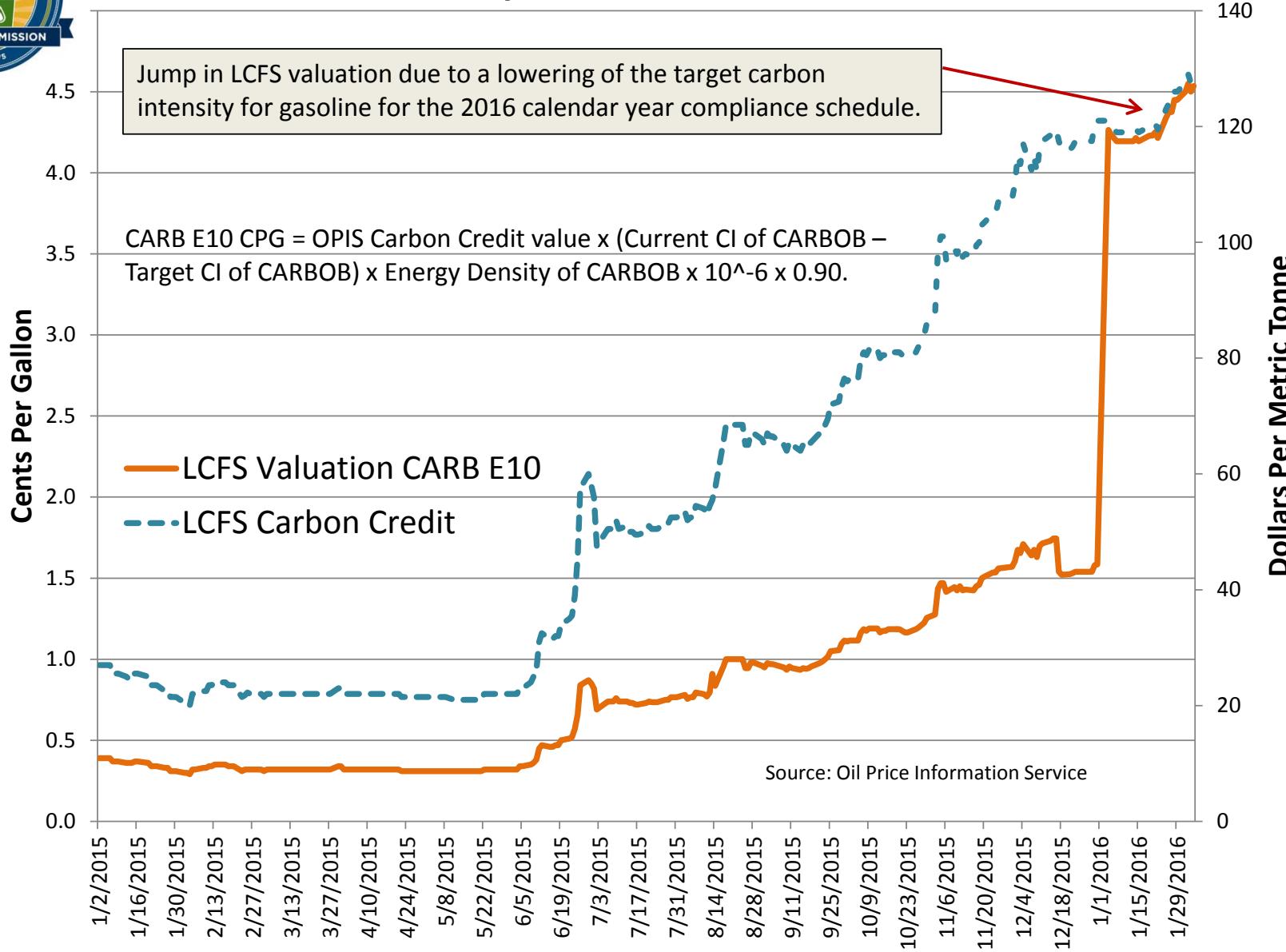


LCFS Costs Included As New Component

- Low Carbon Fuels Standard (LCFS) valuation has increased
 - Size of valuation was less than one cent per gallon during most of 2015
 - Averaged about 0.8 cents per gallon (cpg) during 2015
- 2016 compliance period for regulation requires further carbon intensity reduction or lower carbon intensity targets for gasoline
- Coupled with higher carbon credit costs, the LCFS valuation is greater than 2015
 - 2016 Y-T-D valuation has averaged **4.3 cpg** (through 2/4/16)
 - According to OPIS, the valuation is either included in the wholesale price posted at the distribution terminal or listed as a line-item fee
 - OPIS publishes these valuations each business day for gasoline and diesel fuel
 - Energy Commission is using the valuation calculated by OPIS for California gasoline containing ethanol at 10 percent by volume



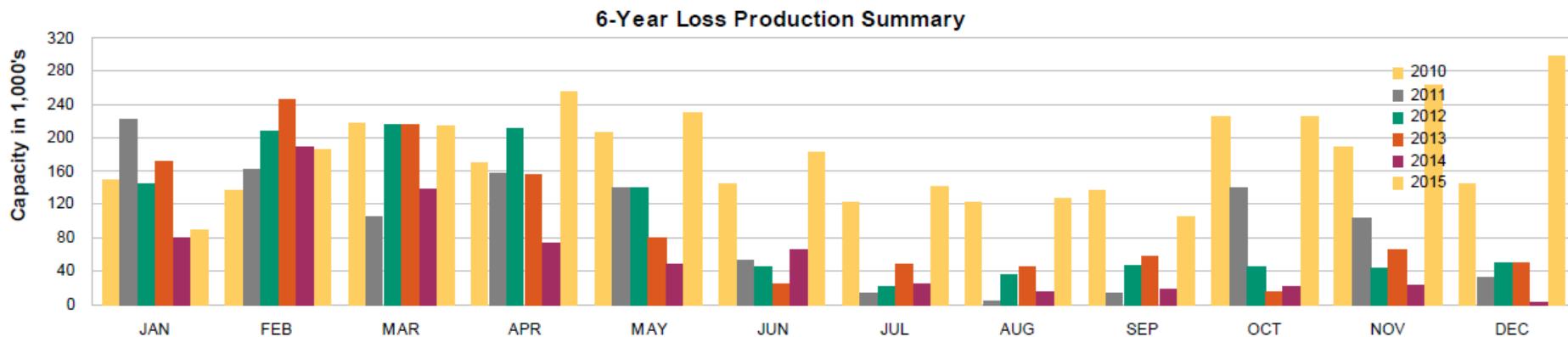
LCFS Daily Valuation – CARB E10





Refinery Operations

- Refinery problems – gasoline impact quantified
 - West Coast gasoline production capability significantly degraded
 - Based on analysis of IIR data, the quantity of gasoline production capacity off-line during April – December averaged nearly 170 thousand barrels per day (TBD) **greater** than the same period in 2014
 - October – 205 TBD more, November 240 TBD, and December 295 TBD more than previous year

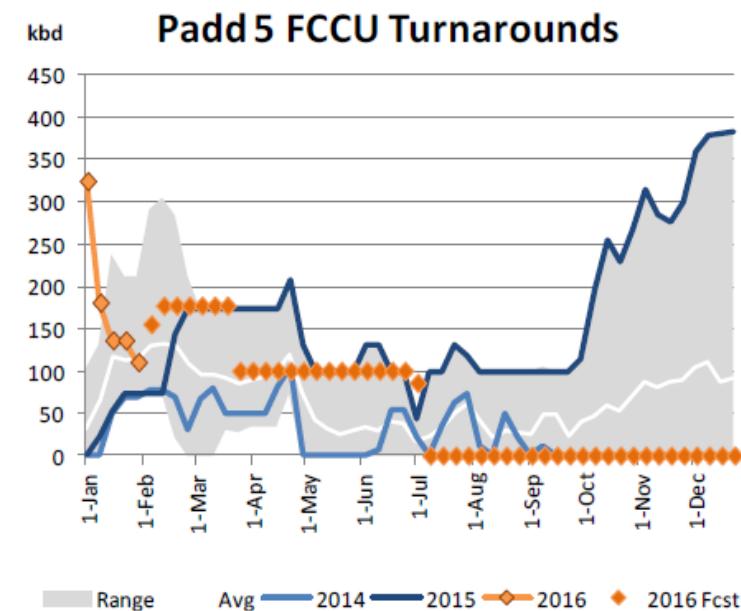
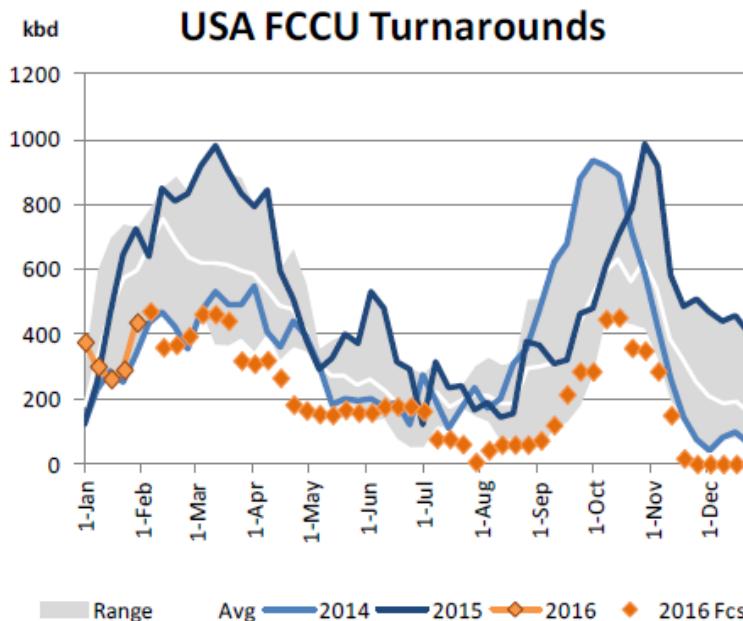


Source: Industrial Information Resources (IIR) Loss Gasoline Production Report.



Refinery Operations – Look Ahead

- Other refinery issues:
 - ExxonMobil – Torrance refinery will not resume operation of gasoline production equipment **until 2Q 2016** – Sale to PBF announced
 - West Coast planned maintenance activity that is primarily related to gasoline is still heavier-than-normal through 1Q 2016

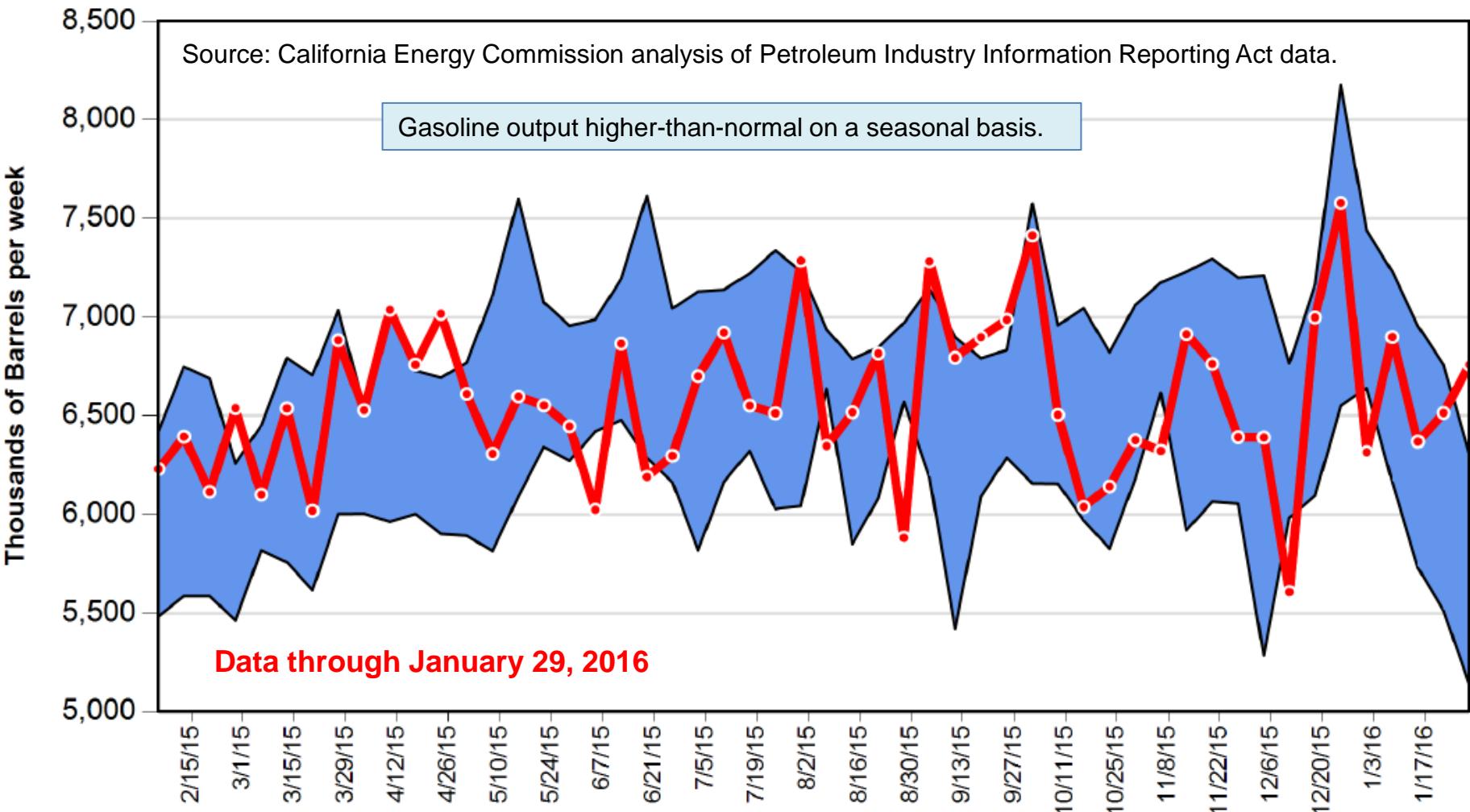


Sources: Industrial Information Resources (IIR) Refinery Off-line Report & DOE Review.



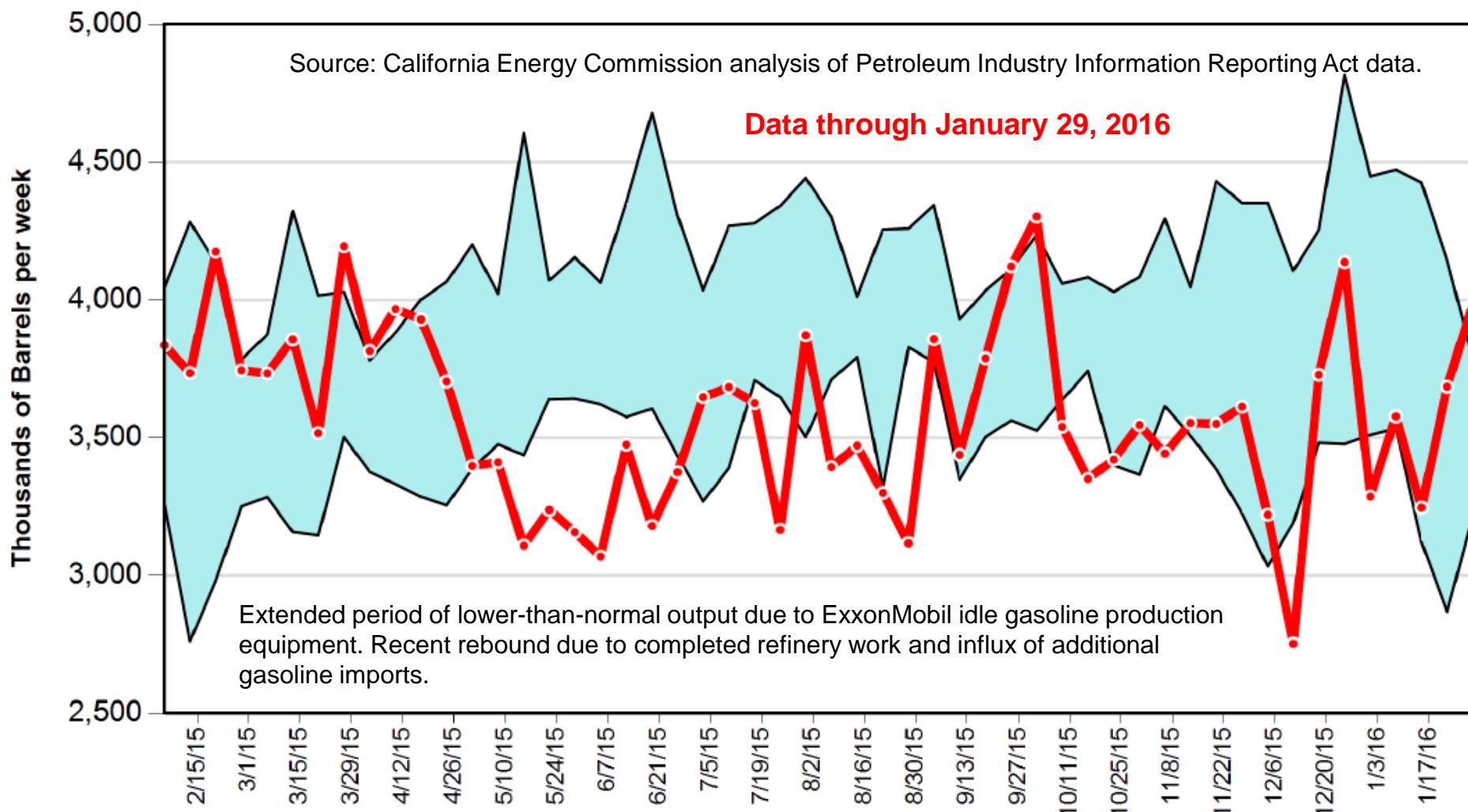
California Gasoline Production

Current vs. 5-year High-Low Band





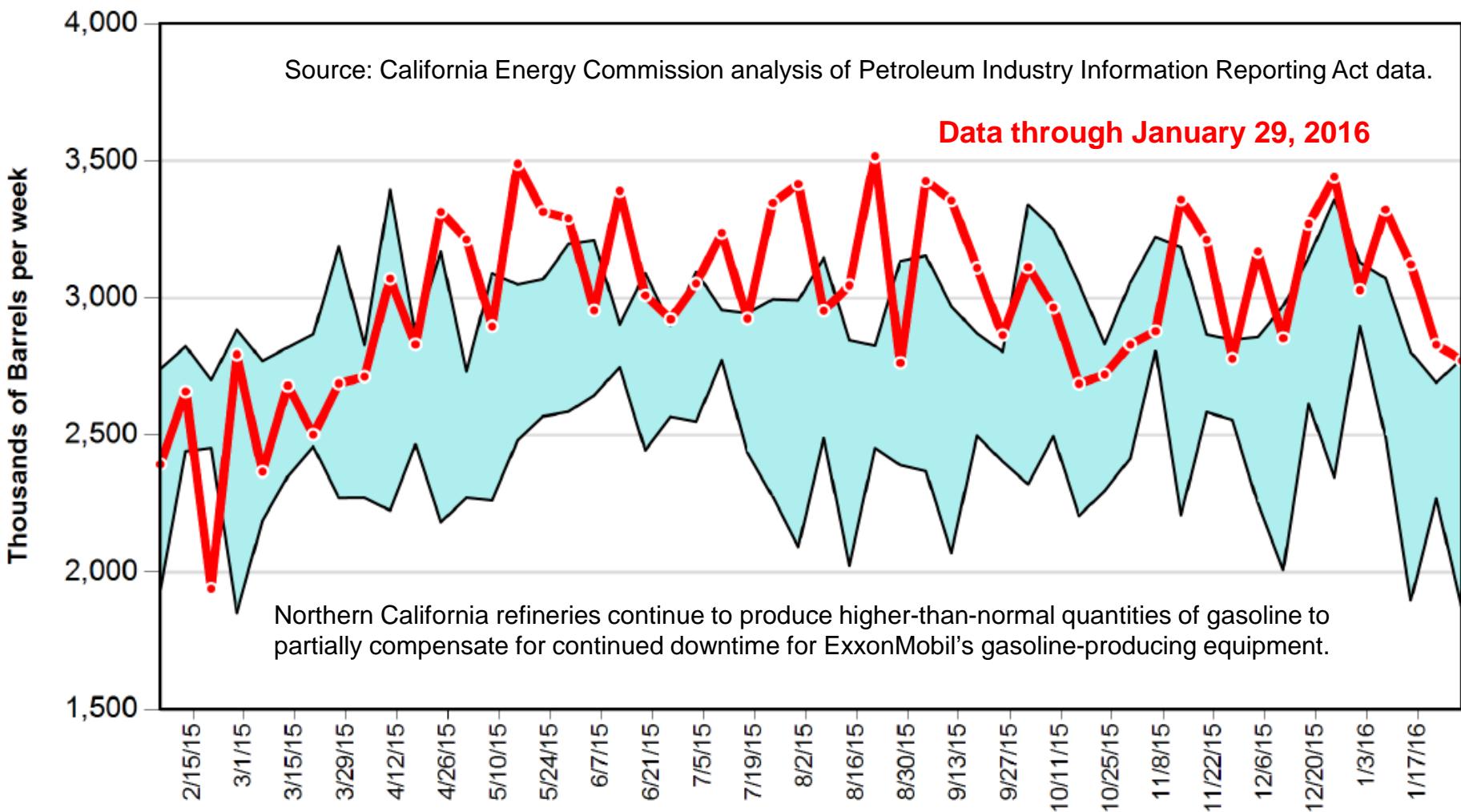
Southern Calif. Gasoline Production Current vs. 5-year High-Low Band





Northern Calif. Gasoline Production

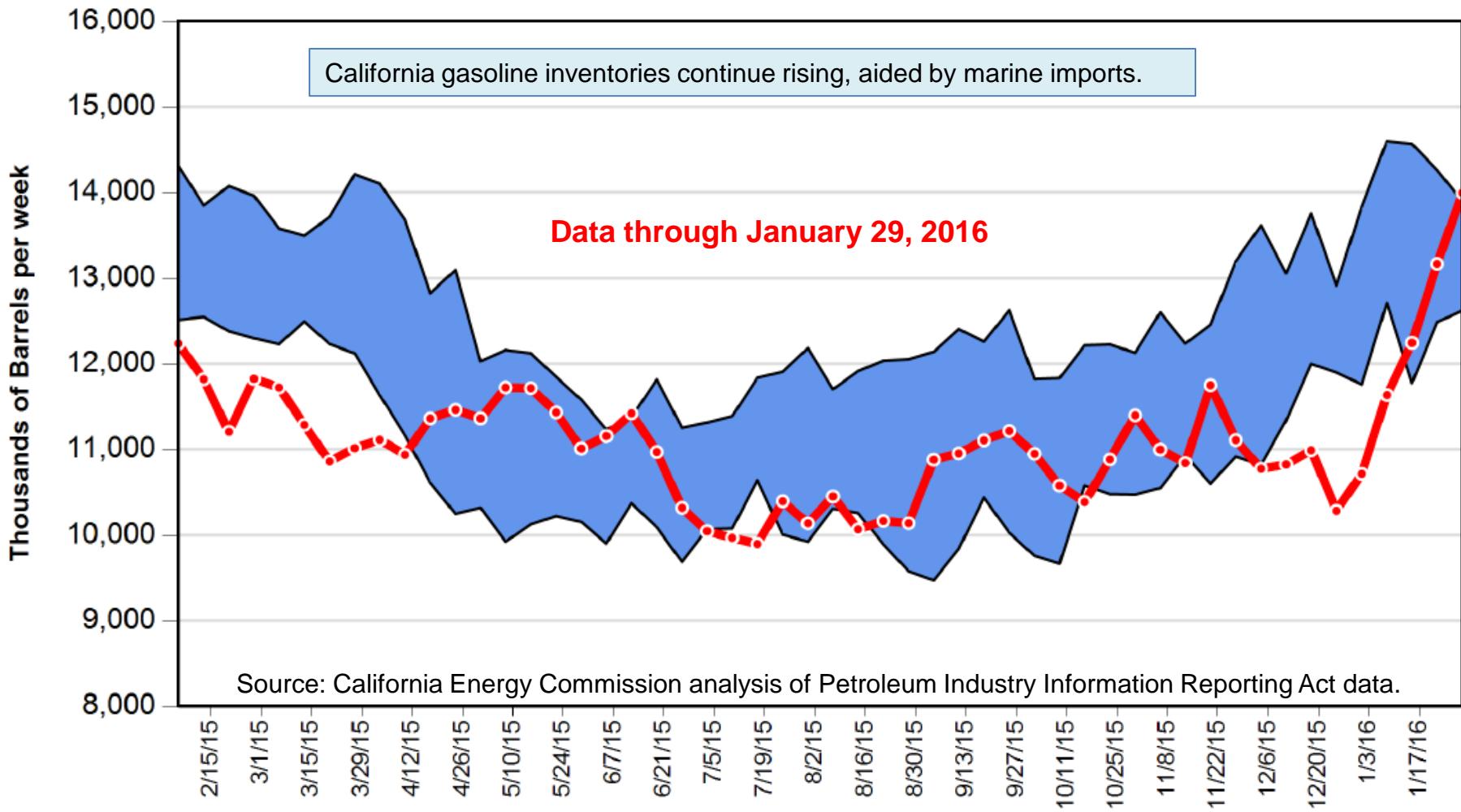
Current vs. 5-year High-Low Band





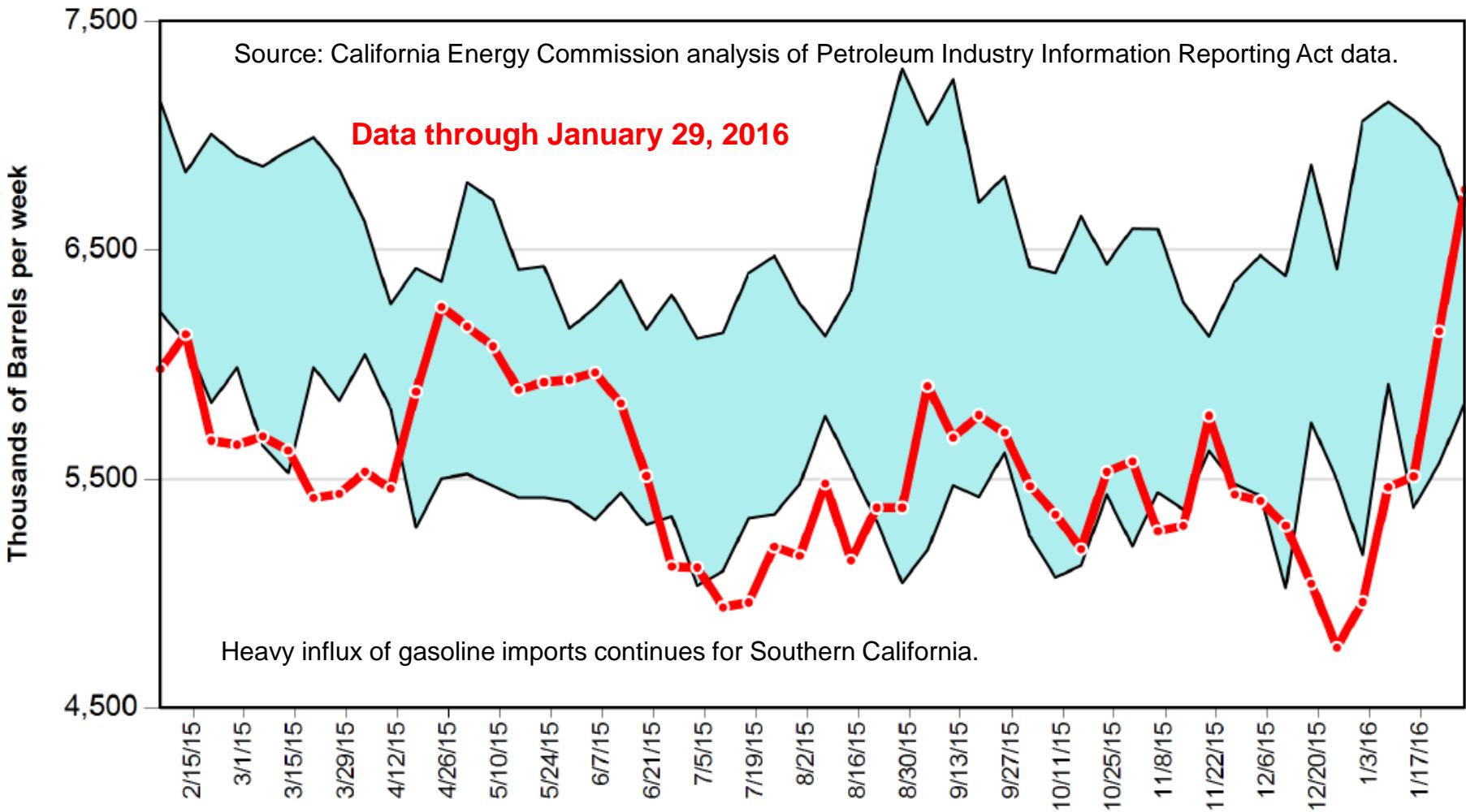
California Gasoline Inventory Levels

Current vs. 5-year High-Low Band



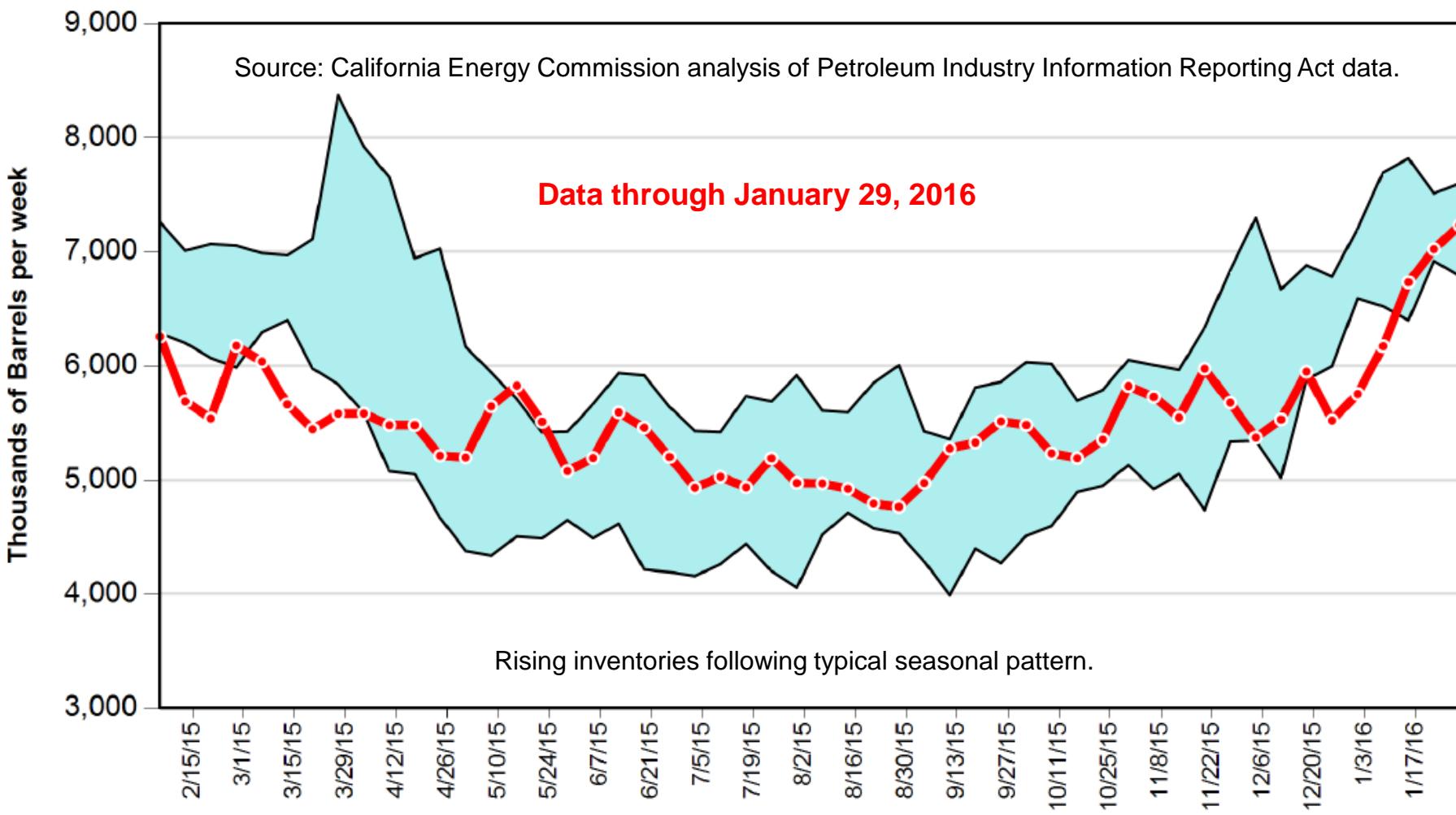


Southern Calif. Gasoline Inventory Current vs. 5-year High-Low Band





Northern Calif. Gasoline Inventory Current vs. 5-year High-Low Band





West Coast Foreign Gasoline Imports

Source: California Energy Commission analysis of weekly import data from the Energy Information Administration.

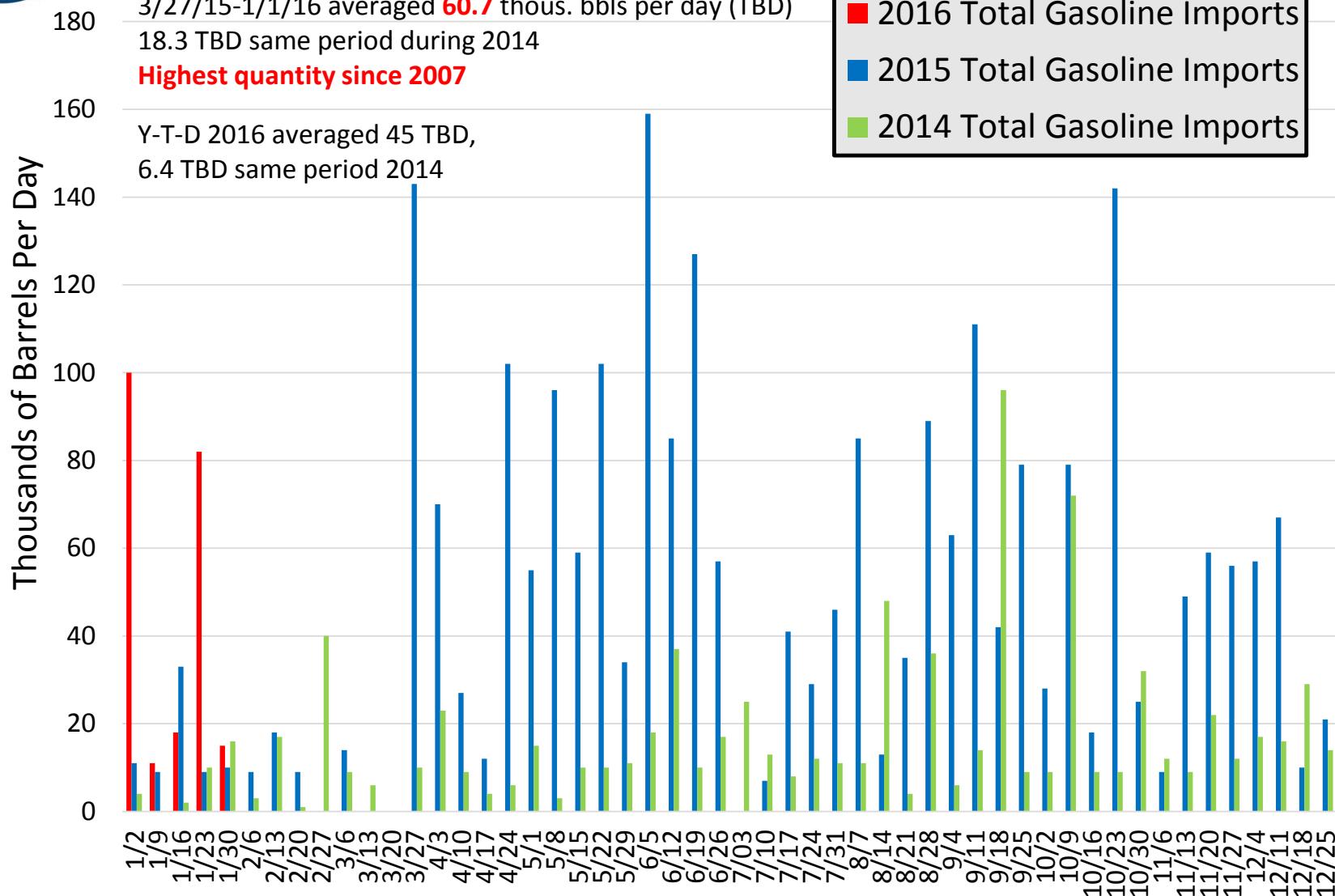
3/27/15-1/1/16 averaged **60.7** thous. bbls per day (TBD)

18.3 TBD same period during 2014

Highest quantity since 2007

Y-T-D 2016 averaged 45 TBD,
6.4 TBD same period 2014

- 2016 Total Gasoline Imports
- 2015 Total Gasoline Imports
- 2014 Total Gasoline Imports





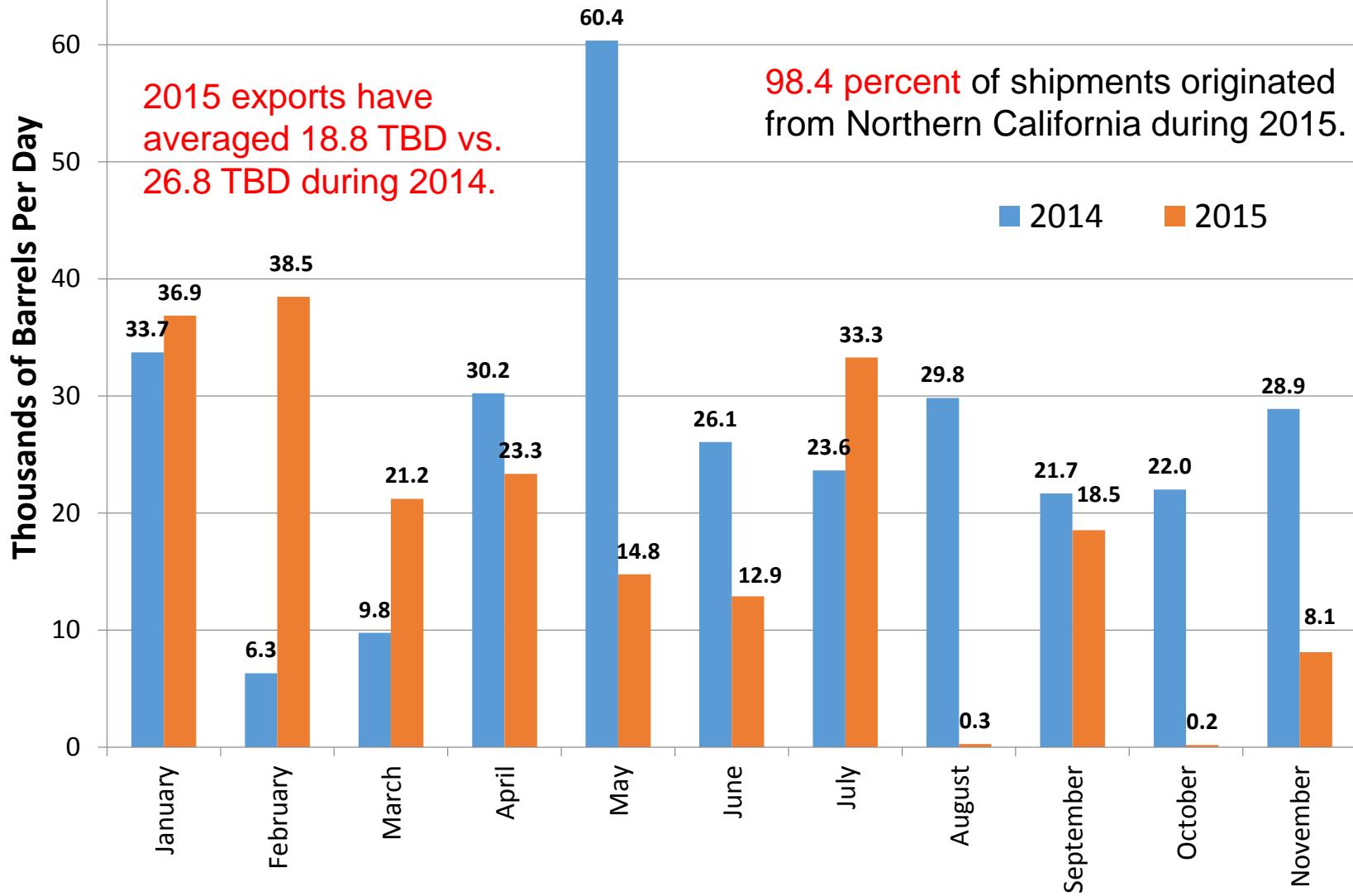
Marine Imports of Gasoline Continue

- Not all reported gasoline cargoes end up being discharged in California
 - During 2015
 - **Histria Perla** departed anchorage outside Port of Los Angeles on 6/16/15 without off-loading - ended up discharging cargo in Mazatlan, Mexico.
 - **SR American Progress** departed inner harbor anchorage Port of Long Beach on 9/22/15 without off-loading - ended up discharging cargo in Port Everglades, Florida.
 - During 2016
 - **Orion** departed Port of Long Beach on 1/18/16 without off-loading - diverted to Lazaro Cardenas & Manzanillo, Mexico, so far.
- Majority of reported gasoline cargoes were successfully discharged in Southern California.
 - At least 39 cargoes between May and December 2015
 - At least 8 cargoes so far since 12/30/15, 3 more pending



California Foreign Gasoline Exports

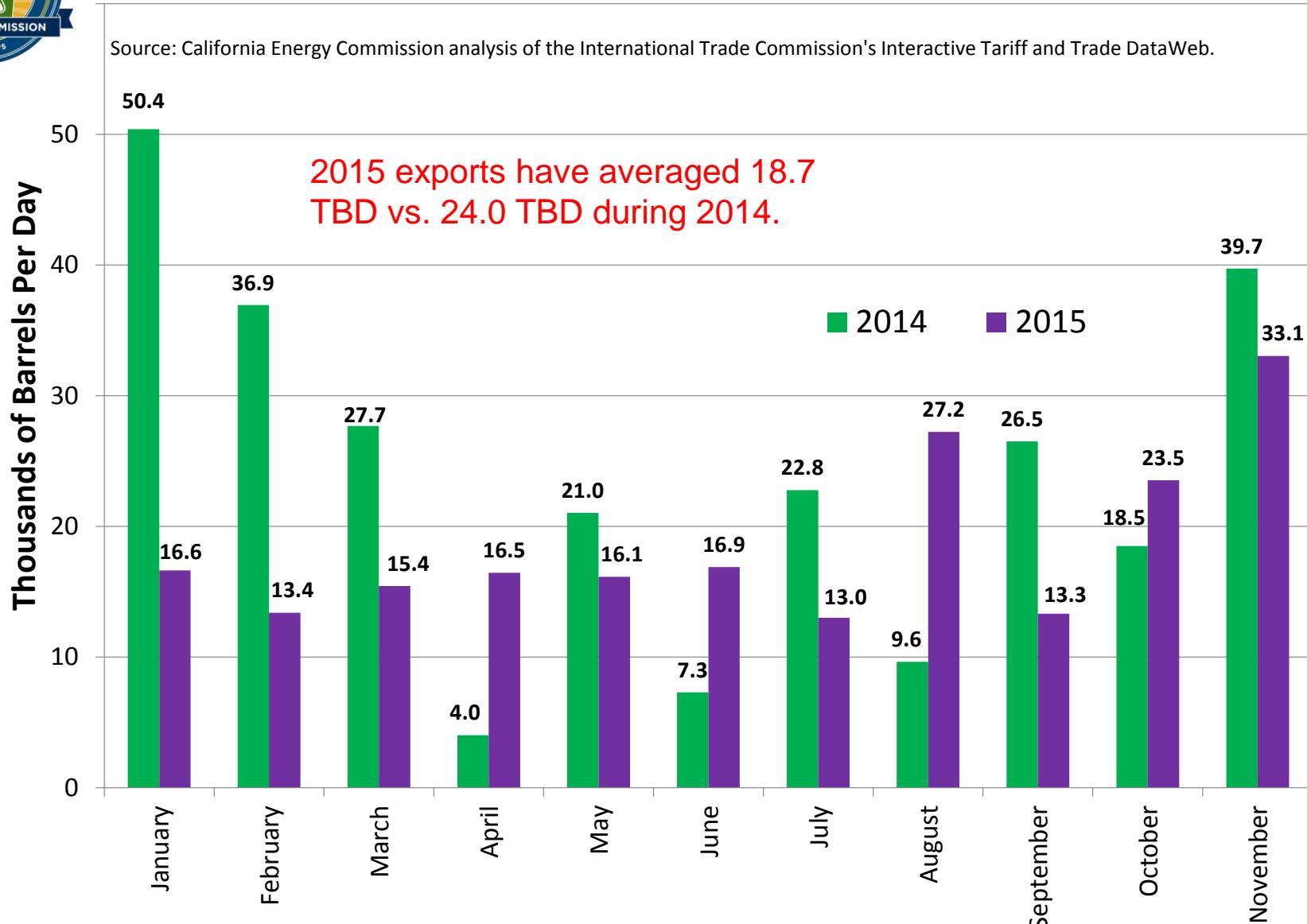
Source: California Energy Commission analysis of the International Trade Commission's Interactive Tariff and Trade DataWeb.





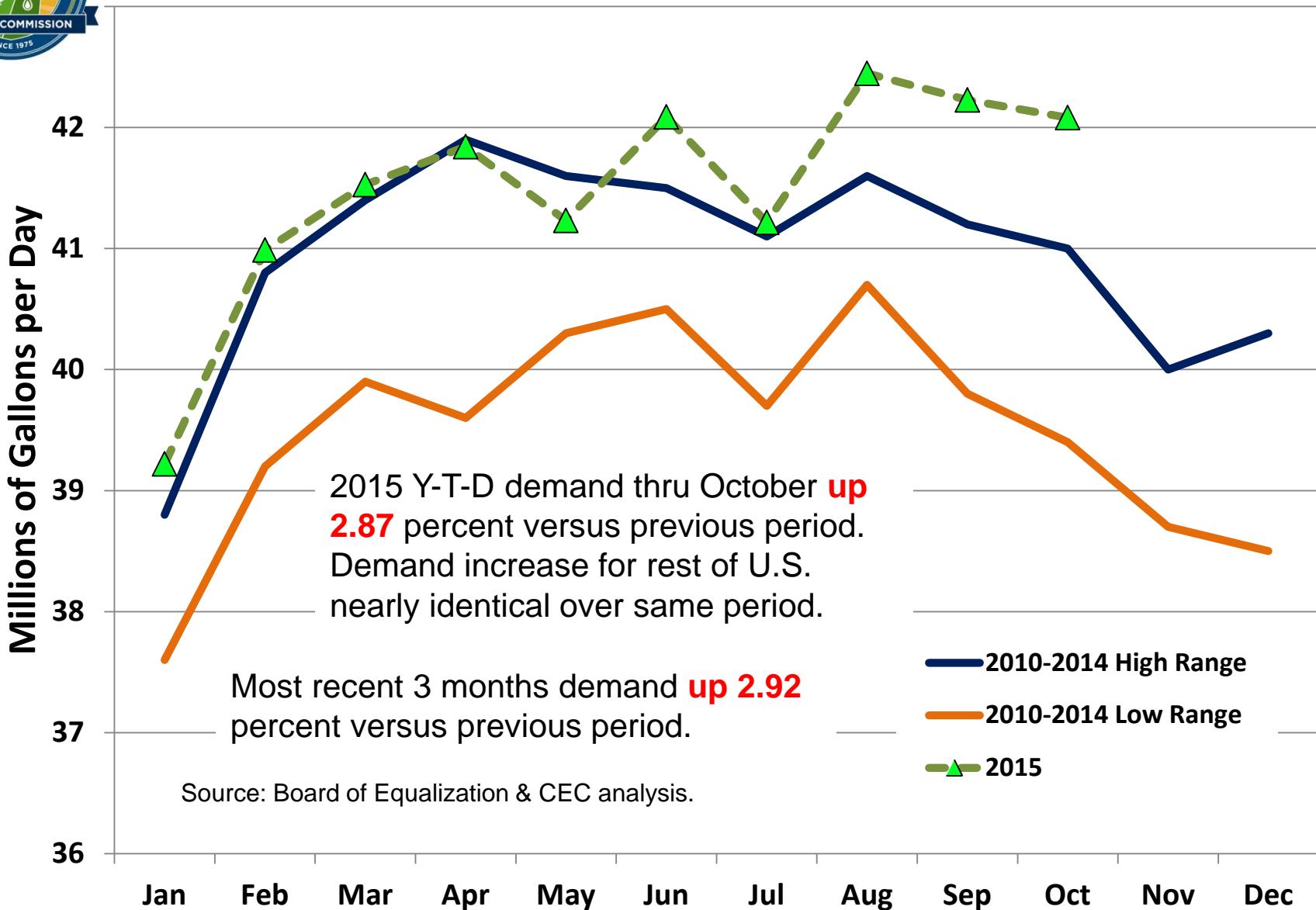
Pacific Northwest Foreign Gasoline Exports

Source: California Energy Commission analysis of the International Trade Commission's Interactive Tariff and Trade DataWeb.



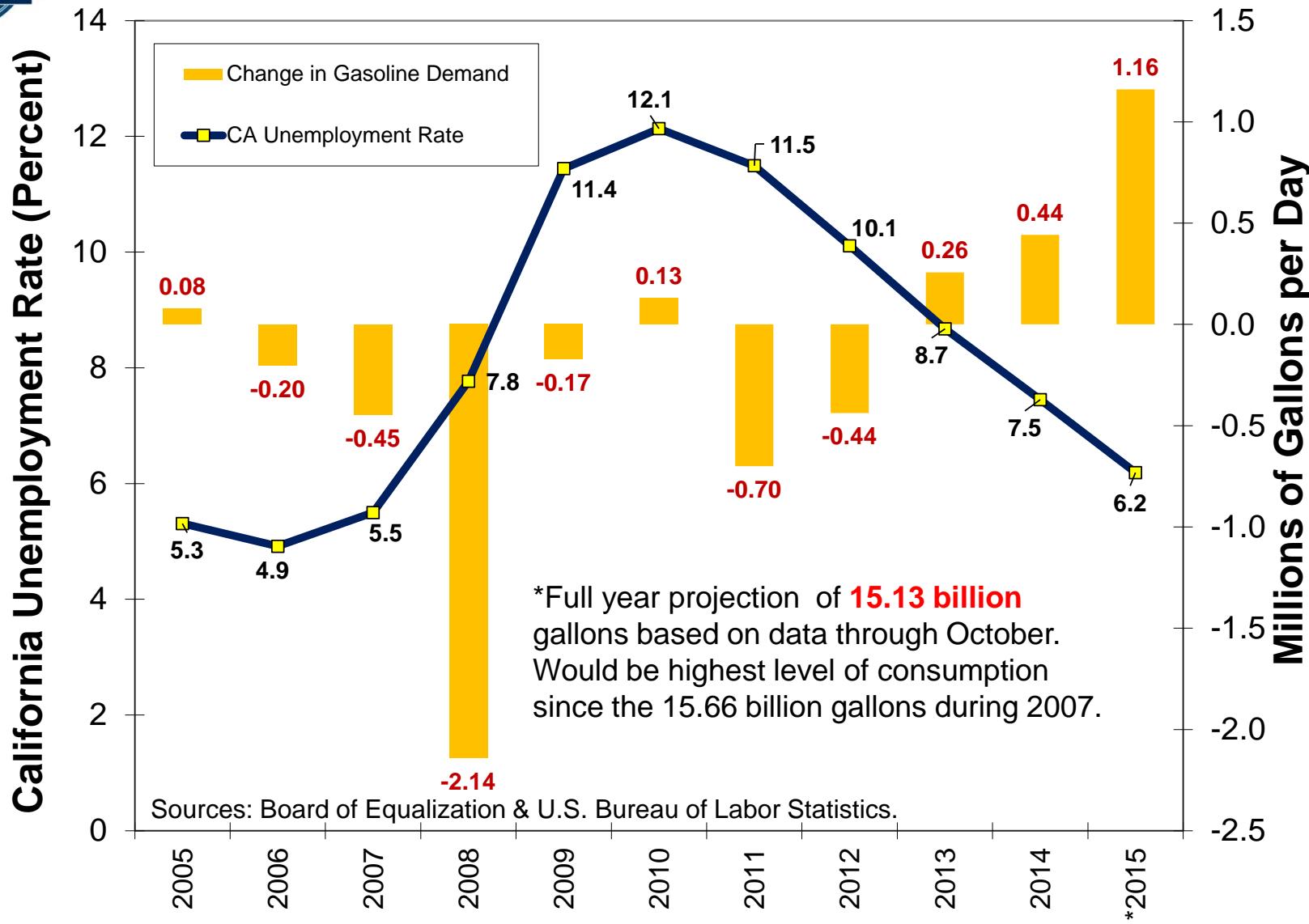


Calif. Mogas Demand 2015 vs. Seasonal Range





Gasoline Demand Change & Unemployment





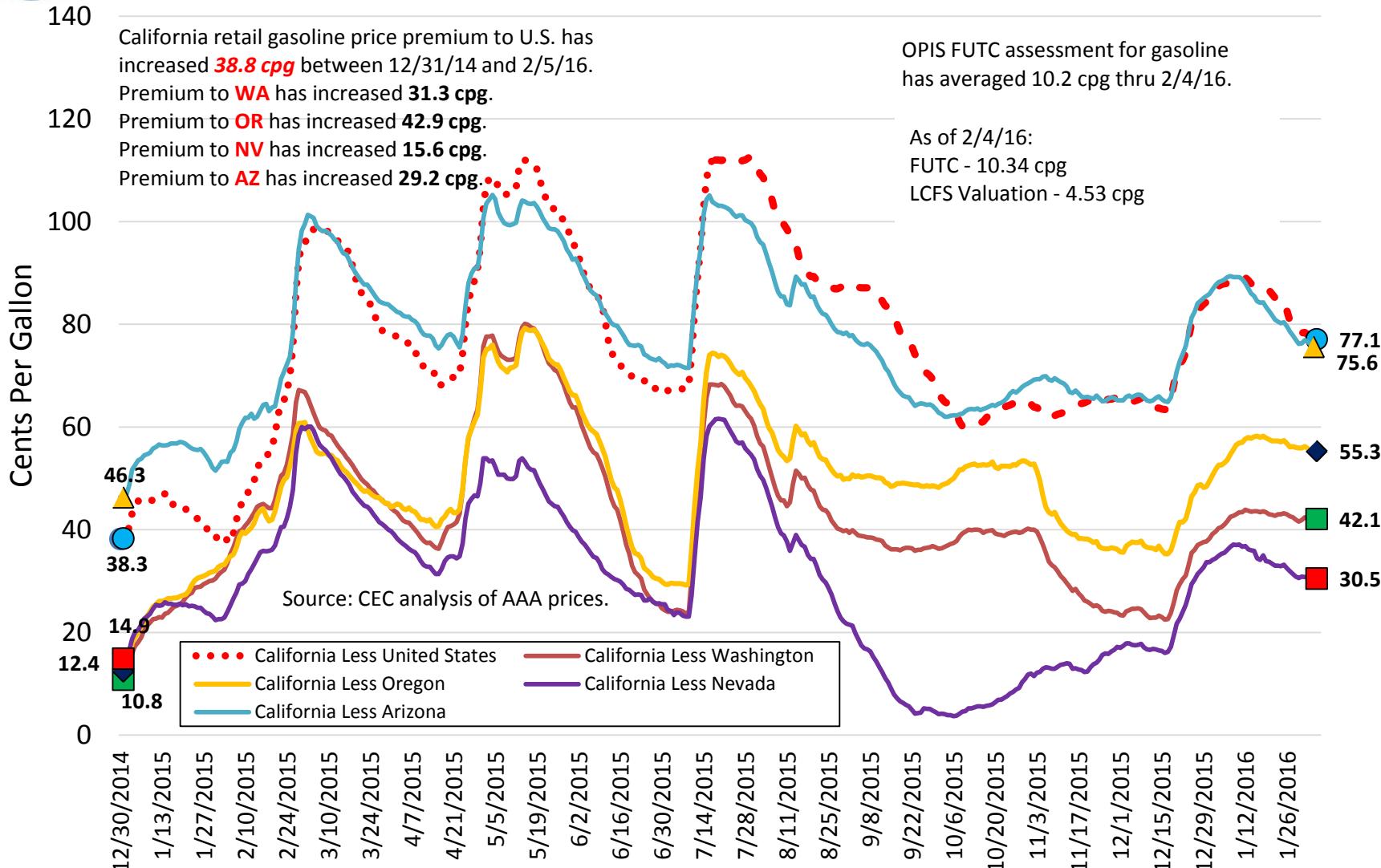
Fuels-Under-the-Cap (FUTC) Tracking

- Fuels-Under-the-Cap regulation went into effect January 1, 2015
- The Oil Price Information Service (OPIS) calculates a value for the FUTC obligation each business day, California Cap-at-the-Rack (CAR)
- Assessment valuation uses price of carbon x carbon intensity of the transportation fuel
 - Winter CARB reformulated gasoline with 10 percent ethanol
 - Summer CARB reformulated gasoline with 10 percent ethanol
 - CARB diesel fuel
- Majority of fuel providers have elected to use the daily OPIS CAR calculation for inclusion in their bills of lading at the distribution terminal
 - Either as a line item or embedded in the price
- Some marketers are calculating their own FUTC assessment and including in the overall price of the fuel



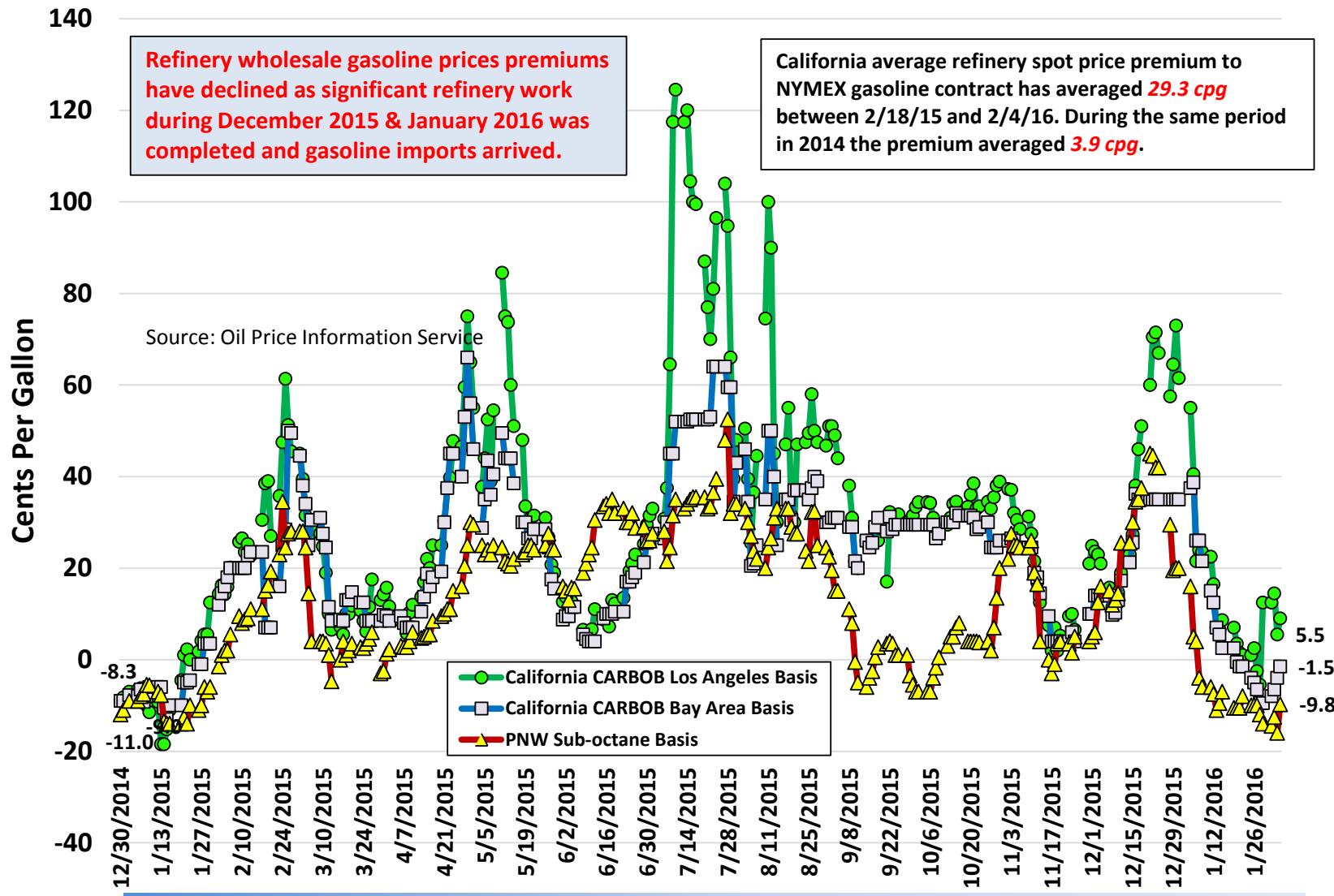
Retail Gasoline Price Differences

California vs. United States and Selected States





Gasoline Refinery Spot Price Basis California vs. Pacific Northwest



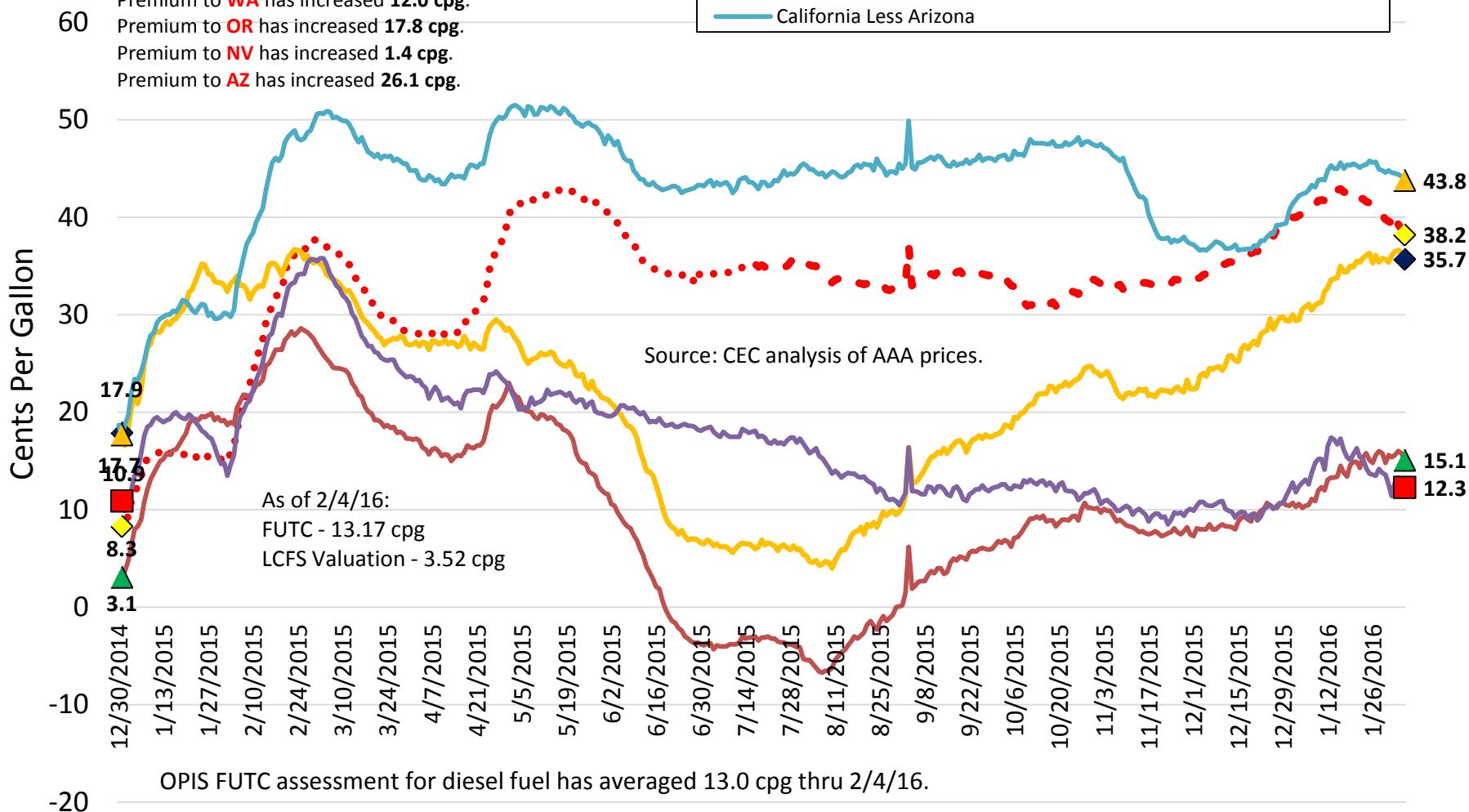


Retail Diesel Fuel Price Differences

California vs. United States and Selected States

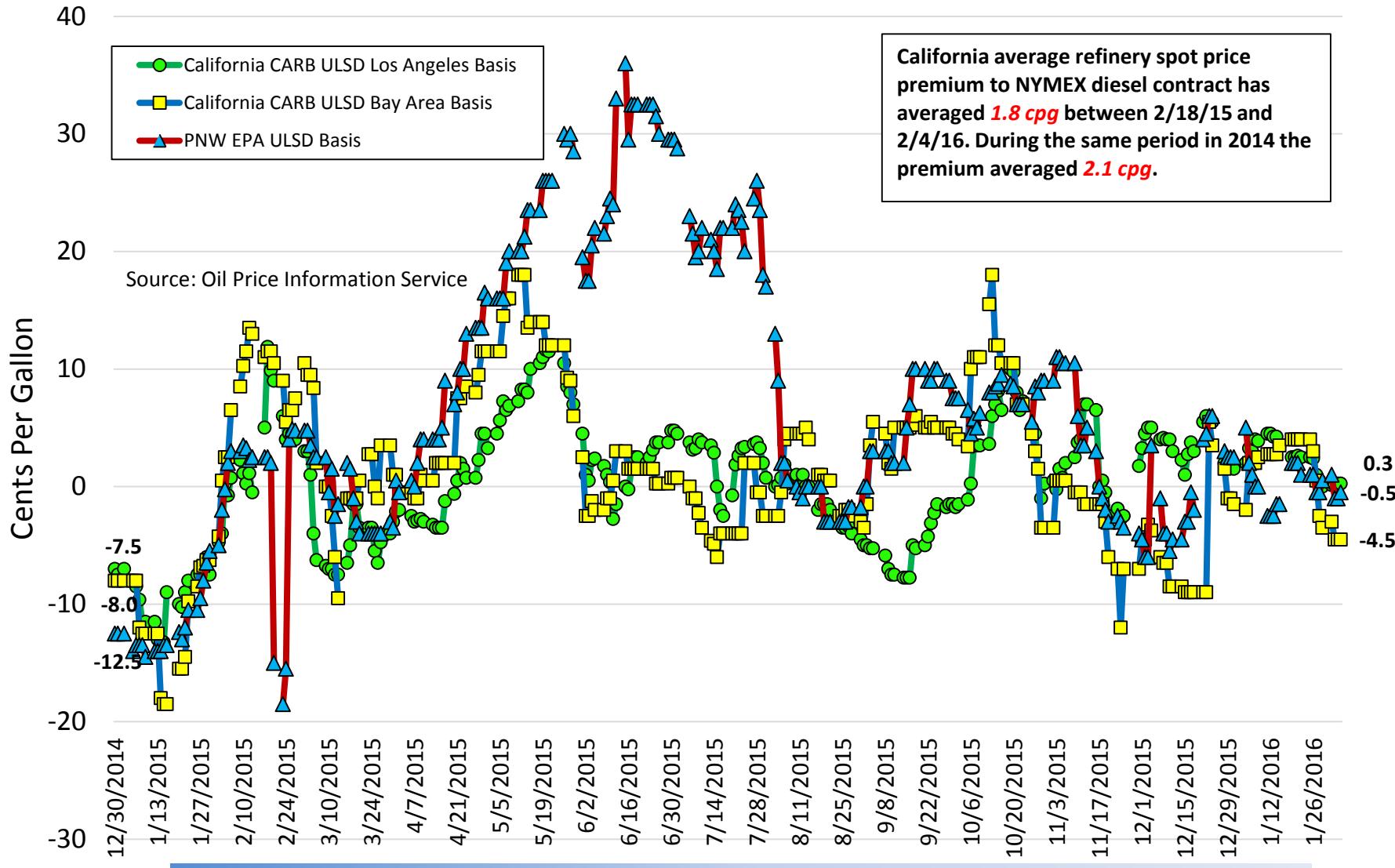
California retail diesel fuel price premium to U.S. has increased **29.9 cpg** between 12/31/14 and 2/5/16.
Premium to **WA** has increased **12.0 cpg**.
Premium to **OR** has increased **17.8 cpg**.
Premium to **NV** has increased **1.4 cpg**.
Premium to **AZ** has increased **26.1 cpg**.

California Less United States California Less Washington
California Less Oregon California Less Nevada
California Less Arizona





Diesel Fuel Refinery Spot Price Basis California vs. Pacific Northwest





Retail Fuel Price Tracking Observations

- Gasoline
 - From December 31, 2014 to February 5, 2016 the gap between the California retail gasoline price and other Western states has ranged between **an increase of 15.6 to 42.9 cents per gallon**
 - The calculated FUTC assessment by OPIS has averaged 10.2 cents per gallon over the same period and lies below the range of retail price differential change
 - Even greater differentials are attributed to increased tightness in the California gasoline market caused by refinery issues - crude oil prices have also rebounded and stabilized but are not a contributing factor to the retail price differential
- Diesel Fuel
 - From December 31, 2014 to February 5, 2016 the gap between the California retail diesel fuel price and other Western states has ranged between **an increase of 1.4 to 26.1 cents per gallon**
 - The calculated FUTC assessment by OPIS has averaged 13.0 cents per gallon over the same period and lies within the range of retail price differential change



Additional Questions?



Source: Huffington Post